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ABSTRACT

These four papers were presented at a symposium on human resource development (HRD) and business outcomes moderated by Barbara L. Swanson at the 1996 conference of the Academy of Human Resource Development. "Incorporating Continuous Learning into a Cultural Change Process" (Carol Ann Zulauf, Joseph A. Ilacqua), focuses on best practices at companies successful in making the transition from defense spending to commercial markets. It determines that these companies need employees with new core competencies and flexibility, who embrace challenge, self-organization, and growth. "The Business Focus of HRD Leaders" (Keith J. Johansen et al.) reports on a study that determined the factors influencing success for HRD leaders are those skill sets related to the business needs of the organization. "How Human Resource Development Helps Small Businesses to Maintain a Competitive Edge" (Robert W. Rowden) compares three successful small manufacturing companies to show the HRD characteristics they have in common: a belief in people as the primary source of competitive advantage, concern for employee well-being, belief that investment in employee development yields a return, meaningful employee involvement, open communication channels, and proactive leadership. "Legal Issues in Human Resource Development" (Bonnie S. Turner) describes three areas identified as having legal implications for HRD: employee participation committees, motivational or value-based training, and intellectual property. Papers contain references. (KC)

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SYMPOSIUM
[1] HRD & BUSINESS OUTCOMES

Chair: Barbara L. Swanson, Swanson & Associates, Inc.

Incorporating Continuous Learning into a Cultural Change Process
Carol Ann Zulauf, Suffolk University
Joseph A. Ilacqua, Bryant College

The Business Focus of HRD Leaders: A Picture of Current Practice
Keith J. Johansen, University of Wisconsin-Stout
Mitchell E. Kusy, Jr., University of St. Thomas
Robert H. Rouda, University of St. Thomas

How Human Resource Development Helps Small Businesses to Maintain a Competitive Edge: A Comparative Case Study
Robert W. Rowden, Breneau University

Legal Issues in Human Resource Development
Bonnie S. Turner, University of Texas

Academy of Human Resource Development
1996 Conference
Minneapolis, MN
February 29-March 3, 1996

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Incorporating Continuous Learning Into A Cultural Change Process

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Companies undergoing transformation will need new competencies that extend from the shop floor to management. The learning needed emphasizes not just a laundry list of skills but rather encourages core competencies and flexibility that can facilitate a shifting and adapting as needs command. Best practices for the needed learning embrace challenge, self-organization, and growth. This transformation requires a leader who takes those needed calculated risks and creates that culture in the corporation.

Introduction

Cuts in defense spending have put pressure on many small-and-medium-sized companies to take part in a technology transfer process that will advance their survival and growth through conversion to commercial production. This technological transfer will require learning which will facilitate a shift in critical skills and technological requirements. It will also require changes in organizational culture and environment that will cultivate that transformation. Done correctly, this workforce development will position both the firms and their employees for success in commercial markets.

The learning needed for the crucial change companies must make goes beyond any specific courses of study or sets of skills. The workforce must become adaptable, flexible, multi-skilled and team-oriented. New competencies will have to extend from the shop floor, to management style, to marketing. With defense cutbacks, this must be done in firms set in an environment where the company and the workers alike were told what was needed, how to do it and when. Now these companies must probe the markets, define the customers, fathom and satisfy customers needs, and change their own organization to meet the new challenges.

Methodology

This research focuses on identifying the best practices of companies that have been successful in making the transition from a reliance on defense spending to commercial markets. This was undertaken by interviewing and surveying a cross-section of key employees: senior executives, middle managers, and front-line workers, from several companies that have made or are well on the way to making the transition. The best practices of companies going beyond training in making such a transition can be exemplified by a medium-size firm, Hope Webbing.

Hope Webbing

Founded 113 years ago, employment reached its peak with 1,300 workers employed during World War I, when Hope Webbing became a world leader in manufacturing narrow fabrics and braids. By the mid-sixties Hope was the largest manufacturer of shoelaces in this country. In the

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following decade, the company diversified into government cords and braid, manufacturing most of the world supply of parachute line. The company employs about 450 workers divided between two plants in Rhode Island.

The current management team joined the company in the late seventies and early eighties. Since then, Hope has become one of the most diversified textile companies in the world. Considerable amounts of capital have been invested in state-of-the art weaving and knitting machines, as well as in dyeing and finishing equipment, sewing machines, dielectric machines, sonic welders, and other peripheral equipment. Most of Hope's equipment is built in-house.

Much of the Hope product line is not very exotic, yet robust market and product development efforts have allowed for success in niche marketing. Sales have been growing at a rate of twenty percent a year for the past five years and that growth is expected to continue.

In 1980 Bruce Hauser took over as president of Hope Webbing Company[1]. His philosophy and style became a key driving force in Hope's transformation and growth as changes stimulated by defense spending cut-backs combined with other market forces. Hauser explained his underlying organizational philosophy this way:

> I believe in small, specific, individual groups of people that are forced to work together and rise together and fall together. An organization in my mind really is an amoeba. Hope Webbing is only the sum of substance of the attitudes in the people who happen to show up today. They, too, all have different skill levels that help that amoeba become stronger. Because, the more skills, and I don't care what the skills are, that you put into that amoeba, the stronger it gets. The organization can hopefully use those skills to build upon.

Arriving at Hope, Hauser asked "What opportunities do we have?" The attitude within the company at that time was, in Hauser's words, "... is he kidding? We're history, what do you mean opportunities?" Hauser set out to switch the Hope culture from the feeling of "we can do nothing" to "wait a minute--if we keep our noses to the grindstone and play our cards right, and do our thing, we can succeed in that other big world out there."

Hauser's view of providing leadership in his role as a catalyst for change was one of risk taking. He believes that some people are afraid to take that necessary risk so, as a leader, he takes that risk for them, saying "here's what we're going to do." For Hauser that style allows both the company and its people to grow. For Hauser, no operative part of any company is ever really strong enough. Growth and development are an on going process.

Working Model

The following working model illustrates the overall conceptual framework used to guide our research. The underlying premises in this model indicate that this is a dynamic process that is being mapped and that the interrelationships and interconnections are being captured. In interviewing organizational stakeholders, an exploration was undertaken of their vision of the future: where they want to be, competitive considerations, etc. There is a creative tension between an idealized future and current reality. Current reality takes into consideration current processes, the organizational culture, and identifying core competencies and technological expertise. Throughout this transformational process, special emphasis is given to managing this change process. Organizational objectives would be to encourage continuous improvement and breakthrough thinking.

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[1]The name Hope will be used throughout this paper.

CREATIVE TENSION:
CURRENT REALITY/FUTURE ASPIRATIONS
- Identifing core competencies/ technological expertise
- Understanding current processes and culture

VISION OF THE FUTURE
- Developing Stratigies
- Articulating Missions,Values, and Goals

TRANSFORMATION PROCESS
- Managing Change
- Continuous Improvement
- Breakthrough Thinking

Relationship to Other Research

Defense-related firms are planning for and fashioning their needed changes in various ways. Different strategies are emerging: some companies are consolidating into key technologies; some are actually expanding their defense holdings by acquiring other companies; others are leaving the defense market completely; and others are committing to the conversion approach. Several analysts agree on a matrix for success: stable financing, management skill, and innovative technology (Pages, 1993a). This research focused on internal conversion approaches.

What emerged from the data was a far more expansive way of relating our findings to the research. In addition to the key components identified in the Working Model, the researchers began to notice how these findings also related to the concept of self-organization. Self-organization allows and amplifies unpredictable fluctuation and differences rather than abolishing or controlling them (Goldstein, 1994). It is also the generation of vision, mission, and purpose (Goldstein, 1994, p. 2). It has been postulated in research on leadership that when an organization has a clear sense of its purpose, direction, and desired future state and when this image is widely shared, individuals are able to find their own roles in the organization (Bennis & Nanus, 1985, p. 90).

We are also inherently dealing with the change, growth, and development of nonlinear systems. Here is where we see the reference to the amoeba phenomenon that was expressed by the president in our preceding story. It begins by asking two questions: "What is reality?" and "What is meaningful to get to the goal?" Asking these questions begins the process of self-analysis and self-reflection. The key concepts of leadership, core competencies, and best practices which emerged from the data will also be expanded upon in this section.

Primary Findings

The data gathered is used in developing a paradigm of best practices for organizations in their quest in making this crucial transition.

The desired technological transfer must be framed within the Department of Defense goal of the preservation of critical technological and industrial capacity. Preserving critical technologies will entail difficult choices and tradeoffs. Their viability will ultimately depend upon the survival of hundreds of defense-dependent firms that must undertake the most fundamental adjustments in their business systems and underlying corporate cultures. Firms that have operated almost exclusively on the basis of defense-related technical performance must now learn to survive within the broader marketplace, where price and consumer preferences dominate. These firms will have to revamp their training programs, their approaches to learning, and their work place culture. The crucial goal of the revamped learning programs will be the fostering of the skills, ability, and motivation needed to be a part of a corporate cultural change.

Workforce Skill Needs

Throughout the years as Hope expanded and changed, President Bruce Hauser was very aware of the pressure building on the staff:

> For people who are at a management skill level of running a hundred people, it gets very, very different when it's five hundred people, and it gets different again when the boss says "we now have two plants, and we now have these three new technologies, and by the way, within the next six months we'll have a European division.

Hope's production still often takes place on specialized equipment developed by the company. Developing textile equipment to meet special production challenges continues as part of the corporate culture. This has strategic advantage and also affects skill needs. Making a product that nobody else is making, on a piece of equipment that you build yourself, may be necessary in the specialized industrial textile field. Most important for this study, taking that path, the company's human resource strategy became well defined:

> ...you can't go out and buy skills that are definable to making that product. If you're making a new widget, then you have to build those skills internally, but they're certainly adaptable from a general skill level.

The capability to build on the general skill level is an advantage for a company like Hope. The needed selling, manufacturing, inventory control, and data processing skills are the common tools. However, if you are going to break new ground and do new things, then the answer to "What skills do you need?" must be found out as you go along, and somehow a firm has to acquire those skills. The firm can't know what is needed until it moves in those new directions. At Hope they could see the importance of flexibility, information, and understanding as the new learning challenges. Hauser saw these skills as especially crucial to the top staff:

> Can you manage what you don't understand? You better know specifically how to do each one of the jobs there. Because you can't lead into contributing to the company without it.

Human Capital and Training

Hope classifies all workers based on the job that they are hired to do. Most are machine operators on the production line; some mechanically-inclined positions are classified as indirect labor. With growth, the company has had to supplement some old equipment with new machinery and hire additional machinists, welders, machine-fabricators, and the like. However, a more-or-less informal development of such skills internally is the preferred practice. The company sees most of these workers as best described as semi-skilled.

Jim Hanahan, the plant manager, explained the basic human capital policy this way:

> What we look for is a multitude of things, depending upon the job. We look for a very articulate, detail-type individual who can be a sewer. Whereas a floor person is bull-work. You don't have to be as articulate as a sewer. In our mechanically inclined positions, that's exactly the type person that we're looking for: someone who can handle machinery, can handle a wrench, can go in and trouble-shoot, can set up machinery. We either get an individual off the street who has been working for a similar industry, a loom fixer, a braider fixer, a machinist, or we train them. And a lot of the people that we have here today started out for us as operators and have moved into a mechanical position

because they've grown with us.

The start up training process for workers is very simple: When new employees first come in, they sit down and read the standard operating procedure for their particular position. After this they are put on the line as trainees working with experienced employees. Depending upon his or her ability and upon the difficulty of the job, an individual may in three hours be full blown in production. This is true of the most simple jobs, but it may take six months or longer in more difficult positions. Beyond the production floor, Hope offers training ranging from ESL classes to one hundred percent payment for college courses related in some manner to one's job.

At companies such as Hope, defense conversion has fostered a need for rather limited new training. As Jim Hanahan, a plant manager, described it:

> Well, we've been able to move workers to other areas. When we make a parachute cord, we have about seven processes before it leaves the plant. In those seven processes we've been able to take each department, if you will, and utilize that equipment, those people, on other items similar in construction and fundamentally you run the machines the same, but just a different end use. (Hanahan, 1995.)

A need for cross-training arose in the finishing departments. The company's basic material, narrow fabric, is braided, loomed, or knitted. Those machines and the operators who run them, run them the same regardless of the end-product. The finishing departments, on the other hand, may have workers trained on five or six different work-in-processes.

Cross-training is one way for advancement at Hope. Company culture assumes that most workers are interested in progressing and most of them are. Workers begin to cross-train as needs arise, which happens quite frequently in a company in a transitional phase.

On the shop floor, doing training is part of the standard job description. Standard operating procedure has training take place through working on the job with a trained qualified lead person or fellow employee. All floor supervisors are expected to be well versed at each process that they are in control of. Hope's management is confident that the people who do the training know how to train and know the job well enough to train.

External training is used periodically at Hope, usually in the form of seminars on topics such as quality and supervisory skills. Lead people and supervisors are the usual participants; lower-skilled production workers are not often sent for outside training.

Jim Hanahan thinks the Hope human capital and training strategy works well and gave this example of that:

> This morning we had a problem with the braid. Our R&D had developed a braid that was supposed to be smooth and made of a certain tensile strength and we get into production into coating line, and it's coming out very bumpy. So I go back and I talk with the mechanic. We made a sample this morning, and I'm very confident that what the individual proposed will work, because . . . And this individual cannot read English, but he can run machines.

Hanahan is confident that even with an engineering problem, Hope has developed the skills right down to the shop floor, so a mechanic can look at a problem and say, "Oh, I know what to do with that."

A Learning Philosophy

Involvement in the life of the organization, is key to a learning management style. At Hope that involvement centers around weekly "Hours and Outs," a one page, one-to-five bullet essay by managers. The topic is "What did you do to affect the company this week? What are you

planning on doing next week?" Hauser came to Hope to act on his view that it is much easier to affect a small company than it is a large one. Individual involvement is the essence of learning and change at Hope.

President Hauser has security screens in his office and keeps everyone connected by radio. The idea is that everyone should be able to hear and sense and feel the pulse of the company all day long. "I hate meetings, because people are not real at meetings." Hauser asserts that the radio system, as the basic communication device, lets "everybody know, all the time, what's going on."

The philosophy is that people are motivated and want to do well when they are in a constant information flow. It is that information flow that makes people "the best you can expect." The learning function of the radio connection was explained this way:

> If I have a 3-minute conversation with my QC manager over the radio, everybody involved in that product line, from the selling, from the accounting, from the production of those functional aspects, they all hear it and know right then what is going on. Reality changes as you go along.

The constant information flow is part of the aim to avoid working within a rigid structure. If anyone has any question, about anything going on in the company, they are expected to go to the person who they think can best answer that question, even if it isn't within their functional responsibility. Continual learning from whatever source is fostered by the movement of knowledge quickly and efficiently throughout the company is both the root and the fruit of Hope's culture.

Leadership for the Move Beyond Training to Culture Change

Leaders think about goals; they shape ideas instead of responding to them (Zaleznik, 1992, p. 128). The president of Hope presented the researchers with a very specific example of this leadership capability. He said that:

> Some companies go out, see a market or a market potential, build the plant, then decide how to fill it. We do just the opposite of that. We go out and see a market...and we involve ourselves in that market...and attempt to get the customers to want to do business with us, then decide how we're going to build the plant.

Seeing things as opportunities is another hallmark of leadership (Bennis & Nanus, 1985). The president came in with this kind of vision. He'd say, "What opportunities do we have?" "That void creates an opportunity for everybody within the company..." Holding steadfastly to this philosophy helped turn Hope around. Now the employees believe that they can succeed; they believe that it is worth a try. Commitment also signifies that what one believes in, one is willing to commit to or invest in, whether it be an investment of time, money, and/or self. Hope Webbing demonstrated its commitment to the employees by reinvesting better than 20% of their bottom line into R&D and in also giving the employees choices when key decisions affected them. This philosophy in committing to getting the employees involved is taking the "management by walking around" concept and living it every single day (Bennis & Nanus, 1985). Bruce Hauser lived that view by his belief in the need to "hear, sense, and feel the pulse" of the company all day long.

Core Competencies

"Core competencies" is being defined as the combination of individual technologies and production skills that underlie a company's myriad of product lines (Hamel & Prahalad in Salk et al, 1992). For example, Sony's core competency in miniaturization allows the company to make everything

from the Sony Walkman to videocameras to notebook computers (Salk, Evans, & Shulman, 1992). Canon's core competencies in optics, imaging, and microprocessor controls have enabled it to enter markets as seemingly diverse as copiers, laser printers, cameras, and image scanners (Salk, Evans, & Shulman, 1992). The same idea applies to Hope; this is applicable from two perspectives. One, there is the belief that this company has a baseline competency in industrial textiles. To apply that baseline competency to a whole range of products, from shoelaces to bungie cords to aircraft parts, they ask themselves, "How can we contribute to this world with what we have?" This allows them to see beyond the ordinary applications, to reach further. In addition, there is also the strong belief that because each and every employee possesses a different skill level, they all help the "amoeba" become stronger. As Hauser phrased it, "the more skills, and I don't care what the skills are, that you put into that amoeba, the stronger it gets." This manifests a respect for the contribution of individual skills, yet recognizes the synergistic relationship with the growth of the organization.

Another company we interviewed had the same philosophy. Their basic competency was in castings that could be used by many different clients. This particular company saw it as their responsibility to re-imagine a new strategy and expand the boundaries; i.e., to look at things in a broader way.

Learning Organization

Some of the key concepts discussed above encompass the underlying philosophy of the learning organization. Organizational learning is defined by Senge (1990) as a place:

> ...where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.

The learning organization is skilled at five main activities: Systematic problem solving, experimentation with new approaches, learning from their own experience and past histories, learning from the experiences and best practices of others, and transferring knowledge quickly and efficiently throughout the organization. The president of Hope seems to exemplify that mindset. Taken as a whole, these fundamental components of leadership skills, core competencies and, organizational learning are the "best practices" that have been identified within Hope as those driving forces contributing to their effectiveness as an organization and to their financial success.

Conclusions

For companies facing portentous market change, positioning for the new market environment is the most important strategy. This is the area of skill most often cited by top management. It is also the realm of corporate culture that needs the greatest change.

The learning needed for the crucial change companies must make goes beyond any specific courses of study or sets of skills. The workforce must become adaptable, flexible, multi-skilled, and team-oriented. New competencies will have to extend from the shop floor, to management style, to marketing.

In these successful companies, changes to organizational culture came as a result of the style of leaders who made the company cognizant of the market-driving forces and who had the commitment to constantly scan the marketplace for new opportunities. This transformation requires a leader who takes those needed calculated risks and encourages that culture in the corporation.

In all of the successful firms studied, there was specific emphasis on not looking at skills as a laundry list but rather on encouraging core competencies combined with a flexibility that can encourage a shifting and adapting as market requirements command. Top management nurtured

an environment that stimulates workers to generate the skills needed to meet all challenges.

Marketing, along with the ability of all employees to respond to new technical demands and standards proved to be two special skill areas that needed development. Going from relying on defense-related work, where contracts were specified in great detail or on very standardized commodity products, to a market strategy of involvement, risk taking, innovation, and new market capturing capabilities, was very successful.

Challenging influences have the potential for fostering self-organization and growth in an individual by presenting opportunities that disrupt the equilibrium or status quo in the organization and in people's relationship to the organization. It is then up to the individual to rise to the challenge. The environment and culture created by challenge fostered growth and development for the people interviewed for this study. These changes affected employees from the production line to top management.

In rapidly changing markets, such as those facing companies undergoing defense conversion, best practices for learning may be those that created an environment encouraging challenge, self-organization, and growth in an individual, thus cultivating the new needed workforce skills and competencies.

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The Business Focus of HRD Leaders: A Picture of Current Practice

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The purpose of this study was to determine the factors influencing success for HRD leaders. A nationwide study of 300 HRD directors identified how they acquired their knowledge and skills. Also rated were the skill sets that were identified as most important for achieving their HRD goals, most frequently used, and most challenging. The most significant were those skill sets related to the business needs of the organization.

The literature has described competencies for HRD practice, including a generalized list describing HRD leadership (McLagan, 1989; Rothwell & Kazanas, 1994; McCoy, 1993). The "Models for HRD Practice" study (McLagan, 1989), now seven years old, described primary HRD roles, but did not exclusively focus on the role of HRD leaders. According to Filipczak (1994), the HRD field is lacking data on how HRD leaders should be selected. Most importantly, since the publication of "Models for HRD Practice", there has been little research on HRD competencies that incorporate recent business developments having an impact on HRD leadership.

Recent significant changes in the way HRD practitioners do their work include the following:

- Large scale, real time strategic change (Jacobs, 1994; Rouda & Kusy, 1995);
- Greater emphasis on globalization efforts (Witkin, 1992) including partnerships, mergers and acquisitions;
- A business-driven need to develop an evaluation model grounded in research (Holton, in press);
- More participative strategic planning with inclusion of key stakeholders from throughout the organization (Kusy, Isaacson & Podolan, 1994).

Research Questions

The purpose of this research was to field test the variables that the literature and subject matter experts have hypothesized to be associated with HRD leadership success. The research questions were: How do people with responsibilities for HRD leadership acquire the necessary knowledge and skills needed in their practices? What are the most important factors contributing to their successful development as leaders?

Methodology

The authors went directly to HRD directors to answer the research questions. The authors constructed a preliminary list of variables hypothesized to be associated with HRD leadership success by examining the HRD literature over the past 10 years and conducting both interviews and a focus group of subject matter experts. The focus group consisted of 12 members of the

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Board of Directors from the Southern Minnesota Chapter of ASTD. The interviewees were HRD leaders noted as successful by members of the Southern Minnesota Chapter of ASTD Board.

The qualitative data were analyzed and incorporated into a 14-item questionnaire that was piloted with 10 HRD leaders. Final survey revisions were made to improve the content and process of the survey. The survey, distributed to 300 randomly-selected national ASTD members with the title of HRD director, incorporated both qualitative and quantitative items.

Follow-up research was conducted by implementing focused interviews of HRD leaders to corroborate the data from the survey and identify additional variables. Thirty national HRD directors were randomly-sampled from the ASTD Membership Directory (1995). The 30 names were divided so that each researcher called 10 HRD directors. Responses were received from 14 HRD directors. The interview consisted of the following open-ended questions:

1. What are your current job title and responsibilities?
2. How did you acquire the knowledge and skills for your current position?
3. What have been the factors most critical to your development as an HRD leader?
4. In the last year, what has been your most challenging task?
5. In the last year, what has been your greatest professional achievement?

The data were analyzed for consistent themes.

Results and Conclusions

Mail survey. A total of 97 surveys (32%) was returned from HRD directors who represented 20 industries, the majority of which included respondents from manufacturing, health care, non-profit, education and hospitality industries. The following results were observed:

HRD functions performed. These data reflect the continuing need for HRD directors to be multi-skilled:

- 85% stated they performed training and development (T&D),
- 68% performed organization development (OD), and
- 47% performed career development (CD).
- In addition, 42% of all respondents stated they performed all three of these HRD functions.

How HRD directors acquire their knowledge and skills.

- 90% reported acquisition from on-the-job experiences,
- 79% noted acquisition from seminars and workshops,
- 61% cited mentoring relationships as instrumental to their development.

The expected accuracy of a sample of size 97 is plus-or-minus 14%. This means that a sample percentage can be expected to differ from the universe value less than 14% at the 95% level of confidence.

Skill acquisition. The HRD leaders surveyed acquired their knowledge and skills in a variety of ways, primarily through on-the-job experience and through seminars and workshops. The results are shown in Table 1.

Skill sets for HRD leaders. HRD directors were also asked to rate eleven skill sets according to three dimensions: importance for achieving their HRD goals, frequency used on the job, and degree of challenge they experienced in reaching mastery. These 11 skill sets and the survey results are shown in Table 2. An analysis of variance was used to determine whether the means differed only by chance. The analysis showed that there were significant differences in the mean values in each of the three dimensions.

In order of importance, the following are factors the HRD leaders said were both most important and most frequently relied upon to achieve HRD goals:

1. Understanding the business of the organization,
2. Partnering with line management, and
3. Being an organizational change agent.

It is significant that these three skill sets relate to the business needs of the organization. The data in this study reflect recent business changes that are placing new demands on HRD leaders.

The skill set cited as the most challenging to reach mastery was being an organizational change agent. It is noteworthy that career planning and counseling were rated lowest in importance, frequency used and degree of challenge. This corroborates the research conducted by Ulrich, who found that career planning and development received the lowest ratings in surveys measuring perceptions of companies' human resource departments (Ford, 1993).

Table 1
How HRD directors acquired their knowledge and skills.

Method	Percent indicating primary ways they acquired their knowledge and skills
On the job experience	90 %
Seminars and workshops	79 %
Mentoring relationship(s)	61 %
Master's degree	50 %
4-year degree	44 %
Corporate university program	16 %
Doctorate	13 %
2-year associate degree	4 %
2-year associate technical degree	3 %

Internal validation of mail survey. To determine the degree of truthfulness and consistency in the responses, the respondents rated:

- the importance of the skill sets to their development into successful HRD directors, and
- the importance of these activities in accomplishing their particular HRD goals.

The responses to both inquiries were consistent.

Follow-up telephone interviews. Fourteen telephone interviews were conducted to corroborate the survey data, and contained open-ended questions which yielded themes consistent with the survey data. These data show that the HRD leaders interviewed assign differing importance to a wide range of factors as being most critical to their development as HRD leaders, and about their most challenging tasks and greatest professional achievements. The focus on understanding and working with the business of the organization was the factor of greatest importance.

Table 2
Skill sets of HRD directors

Skill set	Average Likert-scale scores*		
	Importance for HRD goals	Frequency used	Degree of challenge
Understanding the business of the organization	3.8	3.7	3.3
Partnering with line management	3.6	3.5	3.2
Being a change agent in your organization	3.6	3.4	3.6
Being involved in strategic planning	3.5	3.1	3.3
Managing a training project	3.5	3.4	3.0
Recruiting the most qualified professional HRD staff	3.4	2.7	2.8
Influencing others to achieve HRD goals	3.4	3.4	3.2
Managing staff within the HRD function	3.2	3.3	2.9
Coaching & counseling others regarding job performance	3.1	3.2	2.8
Managing the administrative part of the HRD function	3.1	3.3	2.6
Career planning and counseling	2.7	2.7	2.5

*Likert values were as follows:

- the importance of this activity in accomplishing your particular HRD goals:
  1 = not important; 2 = low importance; 3 = moderate importance; 4 = high importance
- the frequency you performed this HRD activity on your job:
  1 = never do; 2 = rarely do; 3 = sometimes do; 4 = regularly do
- the degree of challenge you experienced in reaching mastery of this HRD activity:
  1 = not challenged; 2 = rarely challenged; 3 = sometimes challenged; 4 = always challenged

Recommendations

HRD leaders need a better understanding of the organization's business. Some of the ways this may be accomplished are suggested by the list of ways that current HRD leaders have acquired their knowledge and skills (see Table 1). Additional ways this may be done are:

- HRD curricula at universities need to be more business focused;
- HRD seminars and workshops need to increase their emphasis on business outcomes;
- Partnerships between business and education should be used to develop business knowledge and skills;
- Internships should incorporate business practices and experiences; and
- Operation personnel should serve as mentors and/or teachers to ensure the business relevance of educational offerings.

Furthermore, these survey data lead to important new questions about the practice and development of HRD leaders. Are HRD leaders actively practicing and excelling in the application of these important skill sets? Are these skill sets strongly considered in the selection and promotion of HRD leaders? Have university programs in HRD kept their curricula up to date so that HRD students will have the required competencies to excel in leadership positions?

These recommendations are corroborated by other recent studies. Filipczak (1994, p. 3), says

> Training directors who get out into the operations of a company and ... actively "partner" with line managers who have real performance problems begin to evolve into a different kind of animal ... When training directors start moving away from traditional HRD and toward developing performance solutions for the company, they start to become what Mager calls performance directors.

Church & McMahan (1995) surveyed the key characteristics of OD in rapidly growing firms. and found that 94% of those surveyed agreed practitioners should focus more on business-related values and outcomes than on humanistically-oriented ones. Only 6% thought the field already placed enough emphasis in this area.

Hequet (1995) found that training and development professionals said the new trainer needs skills in business processes (knowing how things get done in business) and in facilitating organizational change.

Quinn (1996) envisioned an educational program that selected from a pool of applicants who "know business.":

> They will have completed MBAs, will have successfully risen in well known corporations, and will have shown clear abilities in the area of change. They will already understand and have mastered the administrative art of blending across those disciplines that are clearly separated in business schools.

An outgrowth of this current study could be an examination of what non-HRD leaders (i.e. the customers of HRD leaders) perceive as the critical variables for HRD leadership success. This examination would further help HRD leaders respond to the business needs of the organization by understanding key perspectives of their internal customers.

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How Human Resource Development Helps Small Businesses To Maintain A Competitive Edge: A Comparative Case Study

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While a great deal of attention is being given to human resource development in large Fortune 500-type companies, little is known about the extent and function of HRD in small to mid-sized businesses. This study delineates how HRD helps small businesses to maintain a competitive edge. The qualitative methodology employed in this study was a comparative case study. Three successful small manufacturing companies were selected. This study revealed six characteristics common to these successful small businesses: a) a belief in people as the primary source of competitive advantage, b) concern for employee well-being, c) belief that investment in employee development yields a return, d) meaningful employee involvement, e) open communication channels, and f) proactive leadership and direction from the top.

For American businesses to remain competitive in an increasingly global economy, some are calling for drastic measures to be taken. Business and government leaders continually lament the lack of motivation, education, and job skills of the American workforce but yet offer few concrete suggestions as to how to remedy these problems. The manufacturing sector, in particular, seems most at risk for losing its competitive edge (Mark, 1987). Increased automation, while stepping up production, has at the same time increased the demand on workers. These demands are set against a workforce that is less prepared in basic literacy and numeracy, is more demographically diverse, and is increasingly aging (Carnevale, 1988; Mikulecky, 1988).

Small businesses are playing an increasingly important role in the American economy as larger firms pare down their operations. "In the course of the 80s and 90s, Fortune 500 companies shed some 5.5 million jobs" (Dumaine, 1992, p. 23). Small businesses (those which employ 100 or fewer people) constitute 98 percent of America's businesses (Dumaine, 1992) and "small businesses are responsible for 82 percent of the jobs created in the United States" (Megginson, et. al., 1988, p. 247). Yet, of the over 600,000 small businesses started each year, 80 to 85 percent fail in the first five years with 9 out of 10 small manufacturing businesses going out of business in the first three years (The Small Business Handbook, 1990).

The economic well-being of some regions of the United States are dependent upon these small businesses. This is particularly true in the southeastern U.S. where the majority of manufacturing companies (88%) employ less than 200 people (U.S. Department of Commerce, 1990-91). While much has been written about why small businesses fail and what physical and fiscal resources are required for success, little is known about the role of human resources in the success of small businesses. There may not even be a clearly identified unit, department, or person having human resource responsibilities. Yet, it is likely that the success of the company is at least partially attributable to how the employees as a resource are attended to.

A recent research project helped shed some light on how employee satisfaction helps small businesses remain competitive. The purpose of the study was to delineate the role of human resource development (HRD) in successful, small to mid-sized manufacturing businesses in the southeastern United States.

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Methodology

A qualitative research design was deemed the most appropriate approach to understanding how human resource development functions in small to mid-sized companies. Qualitative research is descriptive research that seeks to understand, through insight and discovery, those processes which contribute to the greater whole of an event or phenomena (Bogdan & Biklen, 1992; Goetz & LeCompte, 1983; Patton, 1990). Because of its descriptive and inductive nature, it "holds the greatest possibility for making significant contributions to the knowledge base" in applied areas such as education and human resource development (Merriam, 1988, p. 4).

Qualitative case study research is a particular type of qualitative research. Its purpose is to describe and characterize the occurrence and possible evolution of a given phenomenon. It is a detailed examination and account of one particular context or setting (Bogdan & Biklen, 1992). "Case study, which has as its purpose the description and interpretation of a unit of interest, can result in abstractions and conceptualizations of the phenomenon that will guide subsequent studies" (Merriam & Simpson, 1994, p.99). It is a particularly useful design when the factors or variables of interest cannot be identified a priori, and/or are so imbedded in the context that it would be impossible to separate them out (Yin, 1992). Contexts that are naturally "bonded systems" such as a class, a family, a company, and so on, easily lend themselves to qualitative case study research.

Analysis of data across multiple sites constitutes what is called a comparative case study and involves both within-case and cross-case analysis. Within-case analysis typically results in detailed case study write-ups for each site or case. These write-ups are often simply pure description, but they are central to the generation of insight (Gersick, 1988; Pettigrew, 1988). In addition, it provides a rich familiarity with each case, which, in turn, accelerates cross-case comparison (Eisenhardt, 1988).

Coupled with within-case analysis is the cross-case search for patterns. Cross-case analysis goes beyond initial impressions and individual case descriptions (Gersick, 1988). In a cross-case analysis, the researcher seeks common patterns or themes that address the study's research questions. Cross-case analysis improves the likelihood of evolving theory with a close fit with the data (Eisenhardt, 1988). Also, cross-case analysis enhances the probability of capturing the novel findings which may exist in the data. Such a design serves to strengthen the validity and reliability of research findings.

Case Selection. Three companies were selected for in depth study. The first company studied is located in a large city in the southeastern United States in a newly constructed building in an industrial park. The company is engaged in the manufacture of industrial coatings and paints and has been in business a little over 12 years. It is a privately held company. Since the company is not publicly traded it does not publish an annual report. The company does have a favorable current ratio (debt-to-assets) that was even better prior to the construction of the new facilities. In the words of one of the owners, "our banker feels we are in good financial condition or they would not have loaned us the $2.1 million we needed to construct this new building". The company employs an annual average of 87 employees.

The second company is located in a rural, mountainous region of a state in the Southeastern United States. The company is located in an older building it has occupied for approximately eight years. The facilities are located on the outskirts of a small town and engages in the manufacture of furniture. The company has been in business for about 14 years. It is a privately-held company and meets the financial criteria for a successful small to mid-sized business. The enterprise employs an annual average of 149 employees.

The third company is located in a densely populated, coastal region of a state in the southeastern United States. The company is located in a modern building it has occupied for about five years and is engaged in the manufacture of commercial signs and components. It has been in business for just over 11 years and is privately held. The company employs an annual average of 128 employees.

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Data Collection and Analysis. Data were gathered in three ways. First, in-depth interviews were conducted with key managerial and non-managerial personnel. An interview guide was used which, according to Patton (1990, p. 283), "make[s] sure that basically the same information is obtained from a number of people by covering the same material. The interview guide provides topics or subject areas within which the interviewer is free to explore, probe, and ask questions that will elucidate and illuminate that particular subject." In this study the following topics or subject areas were covered in the interviews: the nature and extent of formal and informal HRD offerings (broadly defined); the view of HRD held by company management and employees; and how management and employees delineate the relationship between HRD and the company's success. All interviews were tape recorded and transcribed.

Data were also collected through several days of on-site observations including attendance at staff meetings and training sessions. Third, documents such as memos, letters, contractual agreements relevant to training were obtained and analyzed. Data from the interviews, observations, and documents were analyzed using Glaser and Strauss' (1967) constant comparative method of data analysis. Data were first analyzed for each case, called within-case analysis (Patton, 1990). Within-case analysis was followed by a cross-case analysis where data and findings of each case were compared with the other two. Such a procedure allows for patterns to emerge across cases (Miles & Huberman, 1994).

Findings

The findings of the research project reported elsewhere (Rowden, 1995) indicated that, in fact, the companies did conduct human resource development activities. Furthermore, that HRD activity contributed to the success of the three companies by a) supporting the unique market niche of the company through knowledge, skill, and attitude development, b) integrating the employees into the company's work practices, and c) enhancing the quality of worklife.

While the purpose of this study was to delineate the role of human resource development in three successful, small to mid-sized companies, more was learned about these companies than just what role HRD played in their success. What was learned also had to do with the companies' beliefs about their customers, their product, and their workers. In short, these companies involve their employees in decision-making, listened to them, and valued their knowledge. Specifically, they share a belief in their people as the primary source of competitive advantage; show a concern for employee well-being; believe that an investment in employee development yields a return; believe in meaningful employee involvement; maintain open communication channels; and provide proactive leadership and direction from the top.

Certainly one of the more important beliefs that each of these companies hold in common is that they truly believe in their people as *the primary source of competitive advantage* . Over and over, again statements were made such as, "without our people we are nothing", "our people are what make us great", and "we have some of the best people in the industry, period." It was apparent that this view was held not only by top management but it had been transmitted throughout the organization all the way to the line workers themselves. This belief in the importance of their people appears to be a major driving force in the organizations. The organizations feel it is important to train, develop, and educate their workers in order to maintain the unique market niche each has carved out. Without their people, the organizations feel that they would not be able to remain competitive in the market place.

Concern for the well-being of their employees seems to be another characteristic the organizations hold in common. Numerous situations were observed or reported that demonstrated the genuine concern for employee well-being. The paint company was willing to locate its new plant in an area that was more convenient for the majority of its workers even though it was one of the more expensive sites considered. All three companies freely allow their people to leave work to attend a child's play at school, or to handle pressing problems (they do like as much

advance notice as possible and the people usually are not paid). The investment of time, energy, and money in the safety training program at the companies are another strong indicator of the concern these companies hold for their workers. The companies do not view their workers as a commodity to be used but, truly, as a resource to be valued, nurtured, and developed. Interestingly, these companies had only moderately good benefits packages typical of small businesses. While they do provide basic benefits, their concern for the employee goes beyond extrinsic rewards. That's not to say that if a worker needed a small advance on their next paycheck they wouldn't get it--in each of the companies they probably would. But its more of the concept of "family" that delivers this message to the workers. Being small companies, they apparently are able to remain closer to the people and are in a better position to be aware of their needs. With the realization that their people are their primary source of competitive advantage, they are concerned with meeting the needs of their people and are sensitive to issues related to their well-being.

The fact that these companies believe that their *investments in the development of their people yield a return on that investment* seems apparent. Being small companies, they tend not to have very large operating budgets. When they do make an expenditure, it has to be a carefully thought-out decision. In other words, they simply cannot afford to spend money on training, development, or education unless they perceive that the net effect on the organization will be rather immediate. They will provide tuition assistance for an employee to attend computer classes so that the person can immediately come in and provide a needed operation. They will send a technician to a technical seminar because he or she can learn a new skill or technique that will improve operations or introduce a new product.

While safety training is a part of the concern for the well being of the employees, it is also seen as an investment that yields returns to the company. If, because a worker has been trained in the proper techniques of doing a job, he or she is able to avoid an injury that would otherwise cause them to miss time from work, the company feels it has received a high return on that investment. Because the jobs are specialized and the work force small, everyone is needed for their job. If safety training can help keep people on the job, the companies see a definite payback on the investment.

For these companies, *employee involvement* is not just a slogan or a "buzz" word, it is real. A lot probably has to do with their small size, but the concept of "family" also seems to play a big role. As the sales manager/founder of the paint company put it, "there's hardly a major decision made around here that we don't bring up before the people to talk about first. We don't pretend to have all the answers. [There are] some real sharp people out there;. . . .we need their input." During the observations at the companies it was not unusual to see a supervisor or manager go over to a subordinate and solicit input on a special problem or unique situation. One of the reasons the furniture company implemented the team concept in manufacturing was so that, through their team, the people would become more intimately involved in the decision-making processes.

Coupled with the meaningful employee involvement is *open communication channels*. In essence, the people in these organizations talk. Not only do they talk, they do so readily across divisions, levels, and functions. Their "power distance", as described by Hofstede (1980), appears to be very low. Power distance varies in the degree to which people in a hierarchical situation perceive greater or lesser desire to control each other's behavior. These leaders emphasize cooperation and communication among employees as the best means of solving problems and implementing solutions. This does not mean that they don't have a hierarchy or "chain of command"-one that is typically followed for routine matters. What it does mean is that anyone feels free to talk to anyone else about what needs to be done or how to do it. In this sense, these organizations are boundary-less and maintain very low "power distances."

Having open communications does not mean that the people in these organizations do not have occasional conflicts, it's just that when they do, they seem able to talk about it and work it out. For example, during one observation period at the sign company a strange occurrence was witnessed. A supervisor and a line worker left the work area and walked around to the back of the building and stood under a large tree. They talked, appearing to argue, for several minutes.

Afterwards, they returned to their work and seemed to have resolved things to mutual satisfaction. When pressed for an explanation, a division head explained that this was a process known there as "going out under the tree." He explained that any time anyone there had a problem that they wanted to discuss and did not want to be overheard or did not want an "official" record, they could invite the manager or even co-worker to "go out under the tree to talk." There everyone could feel free to "speak their mind" without fear of reprisal or of hurting anyone's feelings. The workers have an informal "guarantee" that anything said "out under the tree" will never be used against them. The other organizations do not employ such a formal procedure but, nonetheless, they still follow the concept of open communications.

Finally, each organization has a *proactive leadership and direction that begins at the top*. This seems to be due, in part to their size. The principals are more intimately involved in the operation of the company and play a large role in the direction the company takes. It can also be speculated that proactive leadership and direction is characteristic of the sort of person that will become involved in businesses of these types.

As an example, in the furniture company the woman that was the founder of the organization still is seen as the creative genius of the company. When she comes up with a new idea, she can still be seen down on the production floor trying it out, talking to the workers about how to get the results she wants, and she will come back once production begins to make sure that the project is still being carried out the way she envisioned it. At both the paint company and the sign company the men of the founding partnerships still operate as the principal sales person for the organization. This tends to keep then aware of the marketplace as well as any problems their product may be experiencing. This puts them in position to provide almost constant feedback to the organization--feedback that is used to lead and guide operations.

Conclusion

Contrary to popular belief, each of these companies invests heavily in developing its respective work force. Each company holds the belief that the company receives a benefit or return for developing its human resources. It stands to reason that if the company believes that its people are what makes it work and they have a genuine concern for the total well-being of that person, then it would logically follow that the company would want to invest heavily in the further development of these people and expect that investment to benefit the organization.

These companies tend to believe that if you have the people that make your company work, you show genuine concern for the whole person, and you invest in the development of that person, then surely you want to involve these people in what is going on in the organization. It would certainly be a waste of all this effort if the companies did not utilize all this talent it has selected and helped create. Once the organization has gone this far, it seems that the next logical step would be to listen to what these people have to say and provide them with a open mechanism whereby their input can be honored.

In summary, these companies value their employees, care for them as whole persons, are willing to invest in their development, allow them to be involved in the operations of the organization, and actually listen to what these valued employees have to say. Finally, they continue to provide proactive leadership and direction from the top of the organization affording everyone an enjoyable work place where they can utilize their talents.

A small business operating in an extremely competitive environment should emphasize service rather than price due to the higher relative costs of operation when compared to larger firms. These three companies believe that their ability to produce satisfied customers in their market niche is a direct result of employee satisfaction. Without satisfied, dedicated employees they would not be able to produce the quality products that give them a competitive advantage in the marketplace.

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Legal Issues in Human Resource Development

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As members of a field seeking professional recognition, HRD practitioners regularly raise questions regarding ethical and legal responsibilities as they define professional HRD practice. This paper describes three areas that were identified as having legal implications for human resource development with established legal precedent. Those areas are: employee participation committees; motivational or value based training; and intellectual property. Each issue is briefly described and a final table presents the issues in summary form.

HRD as an evolving field is still searching for professional definition. Meanwhile, legal issues impacting the field are being decided in the courts. Several writers have mentioned legal issues in relation to HRD (McLagen, 1989b; Nadler, 1967; Nadler & Nadler, 1989; Wiley, 1992), however, relatively few authors have dealt in depth with specific laws or legal decisions impacting the HRD practitioner. Of the authors that have addressed legal issues in relation to HRD, for example, Eyres, 1990, 1994 or Sample, 1993, legal issues have not been addressed by examining the perspective from which they evolved into a current legal issue, nor from the perspective of the long term impact on the field given the current the social and political climate in which HRD finds itself.

The study described in this paper sought to identify areas relating to the day to day practice of the HRD practitioner where legal precedent has been set. This study stopped short of legal analysis, but interpreted legal issues from the vantage point of the HRD scholar examining legal literature to incorporate it into the HRD canon in order to make assumptions about HRD practice and suggest guidelines for acceptable and unacceptable practice. It was hoped that identification of these areas would promote awareness among HRD practitioners of the increasing legalization faced by the field and lead to a proactive stance in defining the law as it relates to practice, as opposed to playing a reactive role allowing case law to define the practice of HRD.

Theoretical Framework

One of the earliest definitions of HRD appeared in the 1970 edition of *Developing Human Resources* by Nadler. Since that time, numerous definitions have appeared in print. During 1989 there were at least three publications in which definitions of HRD appeared (McLagan, 1989b; Nadler & Nadler, 1989; Watkins, 1989). While they differed as to the scope of HRD, all three definitions agreed that HRD includes facilitating learning in the workplace to improve organization effectiveness, and that one component of HRD is training and development in the workplace. Both the American Society for Training and Development (ASTD) definition, described in McLagan, and the definition appearing in Watkins, broadened the scope of HRD to include Organization Development and Career Development. Watkins broadened the definition further by stating that HRD includes the above areas, but is not limited to them.

Earlier, Chalofsky and Lincoln (1983) stated that HRD borrows from a number of fields and that these various fields overlap and contribute to HRD as a discipline. McLagen (1989a,b) identified HRD as a subset of the human resource discipline. Examined from that perspective, legal issues that are more commonly associated with the human resource discipline, such as Employment Law and Personnel Law may also impact HRD. Ledvinka (1982) examined regulation of human resource management from the perspective of the social and political factors that impacted the evolution of that field.

As a relatively young field, HRD is influenced not only by closely related fields, but also by the social and political climate that contribute to the development of the field. In searching for

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legal issues impacting HRD a number of legal issues with the potential for impacting HRD were theorized based on a preliminary search of the literature of closely related fields and HRD literature.

Research Question

Where has legal precedent in relationship to HRD been established?

Method and Procedure

Initially a cursory search of literature relating to the HRD field was performed. From the results of this search a preliminary list of potential legal issues related to HRD was developed.

The research question was approached from a historical perspective examining historical documents to locate legal decisions directly impacting the field of HRD. Materials used in the data collection process included legal documents, newspaper and journal articles, books, magazines and personal interviews. Database searches were performed during the period from 1989 through February 1995. These included general periodical databases, business and industry databases and covered journals, magazines and newspapers. In addition, the Bureau of National Affairs Human Resource Library on CD was searched. Once possible legal cases were identified, specific searches were made in Lexis or Westlaw for the case details. In addition, general searches were conducted in Lexis using key words. Search strategies were developed for each topic area.

In several instances, when additional information would help to clarify or confirm the available data, the individual most directly involved was contacted directly. For example, Patricia S. Eyres, the author of an article appearing in the September 1990 issue of *Training*, was contacted to clarify several points in the article. Likewise, Steven Hiatt, the plaintiff in the case *Hiatt vs. Walker Chevrolet*, discussed the events in the case in detail and reviewed the case description.

Legal Precedents Identified

During the course of the study four major areas in which established legal precedent relating to HRD were identified. They were: employee participation committees; motivational or value based training; intellectual property; and training issues related to employment law including safety, affirmative action, and equity of training. Three of those issues are briefly presented here.

Employee Participation Committees

HRD as a field has a history of using employee involvement as a tool to bring about organization change, whether it is through training, organization development or career development. The ability to involve employees in the design and implementation of long term organization strategies is one that is key to the day to day practice of HRD. Several recent decisions by the National Labor Relations Board (NLRB) have brought the legality of employee participation programs into question.

Brief Case Example: Electromation, Inc., April, 1990. Electromation, Inc., a nonunionized manufacturer of electrical components employing approximately 200 people, is located in Elkhart, Indiana. In 1988, Electromation was losing money and made some changes in its' attendance bonus system.

Electromation had been holding employee communication meetings since late 1987 and when they received complaints and a petition regarding the changes to the attendance bonus system, they scheduled an employee communications meeting. At that meeting additional areas of concern were identified. Electromation proposed that employee "Action Committees" be formed to analyze these issues and make recommendations to Management. The Action Committees were made up of both non-bargaining unit employees and salaried employees. Four of these Action Committees began meeting in early 1989. Approximately two weeks later, a petition for Union Recognition was filed along with a request for an election. Following receipt of the Union's petition for election, salaried employees ceased participation in the employee Action Committees at the direction of Electromation. On March 13, 1989, prior to the election, the Teamsters, Chauffeurs and Helpers Local Union 364 filed an unfair labor practice charge against Electromation. On March 31, 1989, the employees voted not to be represented by the Union.

On April 5, 1990, a decision was issued by the Administrative Law Judge, George F. McInerny who held that "the Action Committees constituted a labor organization within the meaning of Section 2 (5)...," and found that Electromation had dominated and assisted the committees. The Court reasoned that Electromation organized the committees, defined their nature and structure, and determined their functions. The Court further reasoned that, although Electromation management did not dominate meeting discussions, meetings took place on company property, supplies and materials were provided by management, and members were paid for time spent on committee work. (25-ca-19818 25-RC-8676, 1990).

Electromation, Appeal to NLRB, Decision Affirmed. December 16, 1992.

Electromation, Inc., Appeal to U.S. Seventh Circuit Court of Appeals, Decision Affirmed. September 15, 1994.

Employee Participation Committees and Implications for Legal Practice. *Electromation* and *DuPont* have received media attention (e.g., Robinson, Fink, & Gillenwater, 1993; Salwen, 1993) and stimulated discussion of exactly what constitutes legal practice under existing labor law (e.g., King, 1993; Oviatt, 1994).

Girard-di Carlo, Naidoff, & Hanlon (1992) suggest that two specific questions need to be answered to determine if an employee participation group falls within allowable guidelines. The first question concerns whether the group, under Section 2(5) of the NLRA meets the definition of a labor organization. In order to determine this, one needs to ask:

(1) Do employees participate in the group;

(2) Does the group deal with the employer, either in whole or in part; and

(3) If the group deals with the employer, does it concern "grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work" (p. 672.)?

Once these questions are answered, it must next be determined whether there is employer domination or interference in the administration of the committee or if the employer contributes support to the committee as specified under Section 8(a)(2) of the NLRA. Under this analytical framework, recommendations for HRD practice which conform to existing labor law can be categorized.

Currently there are both House and Senate bills pending that would amend the NLRA to allow the establishment and ongoing operation of employee involvement programs by both employers and employees. HRD practitioners will need to keep abreast of any changes in the NLRA or related decisions that directly impact their practice to ensure that the practice of the HRD practitioner conforms to existing labor laws.

Employee Motivation Programs.

In the eagerness to involve employees in a variety of participative management programs, employers have increasingly turned to training as a means to promote the participative process and encourage teamwork among workers. Many employers, in their drive to increase productivity and

join the quality movement, have come to view training as the means to change the fabric of their firms and create a new culture that embraces quality and productivity.

In their desire to remain competitive in our global economy, employers have chosen to use training methods that have been challenged in the courts. In particular, in an effort to find ways to both motivate and capture the "hidden potential" found in their employees, firms have embraced a variety of training methods, some of which have been found to violate religious freedom and individual employee rights.

Brief Case Example: Pacific Bell. This case, one of the more publicized, was never addressed by the courts. Pacific Bell was in the process of transitioning from a regulated telephone company following the breakup of AT & T in 1983 to a company who had to actively compete in the telecommunication marketplace. To operate in this competitive environment, Pacific Bell sought to change the culture of the organization. To promote change, Pacific Bell hired a team of consultants using material prepared by Charles Kroning. Kroning developed some of the materials in the Leadership Development (LD) program used at Pacific Bell. The Kroning materials were based, in part, on teachings by George Gurdjieff, who has been associated with "New Age" philosophies. The LD program was presented in a seminar format consisting of ten two-day sessions.

A number of Pacific Bell employees complained to the California Public Utilities Commission regarding this program and the required attendance. As a result of these complaints, the Commission conducted an investigation into the training practices used in the seminars (Lindsey, 1987; Brierton, 1992; California Public Utilities Commission Report on Pacific Bell's Leadership Development Program, 1987).

Participants felt that their values and beliefs were challenged and that their complaints were not heard. Employees then approached the Commission and newspaper reporters to voice their complaints. Despite the fact that this case was never addressed through legal channels, this case is cited in the Introduction of the EEOC Policy Guidance on 'New Age' Training programs which conflict with employees' religious beliefs, first issued in 1988.

The California Public Utilities Commission Report cited eight major findings arising out of their investigation. One of the findings related to the failure of Pacific Bell or the consultants to conduct an internal evaluation of employee response to the program (California, 1987).

Brief Case Example: Hiatt vs. Walker Chevrolet. In 1984, Steven Hiatt was employed by Walker Chevrolet in Tacoma, Washington. Hiatt had worked at Walker Chevrolet for nine and one-half years and as Walker's new car and truck Sales Manager he was considered a senior manager. Hiatt was consulted about the management of the business and felt free to suggest ideas and business procedures to the managers.

The two owners did not always get along well and with this in mind, Hiatt told them about a Lou Tice seminar, "New Age Thinking to Increase Dealership Profitability," offered through the Pacific Institute. Representatives of the Pacific Institute presented the program to Hiatt and the owners of Walker Chevrolet. and informed them that if they made a commitment to use the program, they and their wives had to participate in a five day training program. It was also stated that all employees of Walker Chevrolet would have to participate and that, if they refused, they should be considered undesirable employees and fired. Walker Chevrolet purchased the program.

Hiatt and his wife attended the seminar and for the first three days, actively participated. However, Hiatt stated that at dinner the third evening, he began to get concerned that the program was becoming spiritual; a concern reinforced by the type of music that was played as well as discussions about "life after death." In addition, the presenters stated that the program's real purpose was to "save the world" and that "they hated religion." This caused him to question the program and to examine what he had participated in over the last few days.

They were also told that not everyone that they would train would be ready for this information immediately. As facilitators of this program they would have to give people only the amount of information that they were ready for. They were told, "Make sure that people are on your team before you give them more."

Hiatt felt that the training that they were experiencing had all of the "traits of a cult, rather than sound business practice." Hiatt recalled that the atmosphere was very controlling and that

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even in the small groups the seminar leaders had "plants" to ensure that the group went in the direction they wanted. Based on personal conflicts between the "training" that they were experiencing and his Christian religious beliefs, Hiatt and his wife left the seminar the next morning.

According to the record, Hiatt then proceeded to California where he was scheduled to attend a General Motors training course. At that point he called Walker Chevrolet and informed the owners of the conflict between his religious beliefs and the Lou Tice seminar. Returning to Tacoma, Hiatt requested a one week leave of absence, which Walker Chevrolet granted. However, during that week Hiatt was fired.

In 1984, Hiatt initially contacted the Human Rights Commission (Commission) in Tacoma, Washington. Hiatt was told that he would be allowed to file a grievance and that they would handle everything. Hiatt was also advised that despite the fact that this could very well be the "biggest case that their office had ever had," he did not need an attorney. The person assigned to Hiatt's case did not appear to be very sympathetic and seemed supportive of the type of training offered by the Pacific Institute.

Hiatt eventually contacted the person assigned by the Commission to handle his case, but this individual refused to meet with Hiatt without an attorney present. Hiatt then attempted to appeal to the EEOC. He received two form letters from the EEOC. Despite following the prescribed procedure, Hiatt was never contacted by the EEOC nor did they respond to his initial complaint. The statute of limitations was running out on Hiatt so, on February 20, 1987, he filed suit in the Superior Court of the State of Washington in and for the County of Pierce.

In November 1989, the Superior Court entered a summary judgment in favor of Walker Chevrolet. In 1992 the Court of Appeals reversed the trial court. Walker Chevrolet appealed and the Supreme Court of the State of Washington reversed the Court of Appeals and affirmed the Superior Court ruling in October 1992. Hiatt declined further appeal.

Employee Motivation Programs and Implications for Legal Practice. These cases illustrate how individual cases begin to become part of a body of legal decisions with long-term implications for HRD. As the facts show, these case were pursued through different channels. However, both cases are frequently cited in literature and the publicity generated by them and the tangential involvement of the EEOC in both cases may have provided some of the impetus for the issuance of the "EEOC Policy Guidance on 'New Age' Training programs which conflict with employee's religious beliefs."

The policy guidance issued by the EEOC was very clear on the responsibility of the "employer or the sponsor of a new age program." The policy guidance clearly states that "the issue of "new age" training programs can be resolved under the traditional Title VII theory of religious accommodation." It is important that HRD practitioners remember that there are other Federal anti-discrimination laws, such as Title VII, that may impact training design and course content. Areas that are protected under current federal law include discrimination based on sex, age, race, religion, ethnic background or handicap. As the area of employee motivation programs continues to evolve, HRD practitioners as a group need to maintain awareness of current litigation that will impact the field as a whole.

Intellectual Property

The HRD professional will need to be informed as to how this area of the law impacts their practice, as an employee, as an employer, and as an independent contractor. Human Resource Development, as it seeks to foster the longterm work related learning capacity at the individual, group and organizational level of the organization, deals in knowledge as an end product. The presentation and dissemination of that knowledge is the area in which intellectual property rights become an issue of legal concern for the practitioner.

Brief Case Example: Kepner-Tregoe, Inc. v. Carabio et. al. In 1977, two employees who had worked for Kepner-Tregoe, a management training firm, left Kepner-Tregoe to go into

business for themselves. The facts of the case reveal that they marketed services that were basically identical to those that they had offered as employees of Kepner-Tregoe. While they created additional materials, their original materials were developed using materials they had access to or had helped develop at Kepner-Tregoe. The Court in *Kepner-Tregoe* was very clear that it viewed competition as desirable and that the basic idea cannot be protected, but that the original expression of that idea can be. The Court further declared that a process (i.e. brainstorming, computer instruction, group lecture) is not something that can be protected, but that the expression of an idea (i.e. case study, course manual) is something that can be. The Court did however find that the case studies used by both parties were similar enough in two of the cases to be considered copies of Kepner-Tregoe's materials. Finally, the Court found that certain written materials violated copyrights held by Kepner-Tregoe.

Brief Case Example: Kepner-Tregoe, Inc. vs. Leadership Software, Inc. In 1972, Victor H. Vroom and Phillip W. Yetton, creators of the "Vroom-Yetton Model," granted Kepner-Tregoe an exclusive international license to the materials contained in their work along with an exclusive license to all future improvements and modifications on the original work. Vroom and Yetton retained the right to use the materials in teaching and private consultation. In 1989, Kepner-Tregoe made a final payment to Vroom and Yetton to buy out the license. Vroom began working with Arthur G. Jago on a revised model and a computer software program. In 1984, a revised model appeared in an article published by Vroom and Jago, "Leadership and Decision Making: A Revised Normative Model." In 1987, Vroom and Jago formed a Subchapter S Corporation, Leadership Software, Inc. (LSI) to market the computer software program, "Managing Participation in Organizations" (MPO). In 1990, when Kepner-Tregoe became aware of the activities of LSI, they filed suit against LSI alleging copyright infringement. In 1992, the court found copyright infringement and permanent injunctions were issued to disallow any future copying, producing, distributing, or selling of the MPO program by LSI and Jago or any future infringement of the copyright. In addition, LSI was required to pay profits from the sale of the MPO program to Kepner-Tregoe, with interest, and to pay attorney fees.

Intellectual Property and Implications for Legal Practice. The primary question that the practitioner needs to address is how will intellectual property statutes and laws affect my practice and what statutes will I need to be concerned with? These cases point out the need to fully understand copyright law and how it pertains to the practitioner's work. The latter case is a prime illustration of how the practitioner can inadvertently give up rights without being fully aware of what has been given up. To date, the HRD practitioner has primarily had to be concerned with copyright issues. While it is important for the practitioner to understand the basics of copyright laws as they relate to the use of another's works, questions of who owns the work I created and how do I protect that work will be increasingly important as the HRD practitioner operate in many arenas using a multitude of new technologies.

Conclusions

Table I summarizes the issues mentioned in the literature as having possible legal implications for the field of HRD. In two particular areas, alleged sexual discrimination related to training design and the area of patents, trademarks, and trade secrets, the literature did not reveal supporting documentation directly related to HRD. However, in the case of alleged sexual discrimination, a complaint was recently filed against the FAA with in the U.S. District Court in Chicago which should lead to a court ruling in this area. Also, in the area of intellectual property, specifically patents, there is a variety of current litigation relating to computer programs. While cases relating to HRD were not evident in the literature, legal precedent has been set in closely related fields.

Each issue discussed herein was substantiated as having legal implications for the field of HRD. Much of the litigation that HRD professionals will have to deal with in the future relates specifically to employment law. Human resource developers, as members of a profession that is closely related to the human resource profession, should not be surprised at this. Rather, the data

show that this is a natural trend. As human resource management has evolved to play a larger, more proactive role in organizations, that greater role has fostered greater legal headaches. So too has human resource development evolved and become exposed to greater legal headaches.

Table 1 - Summary of Issues

ISSUE	1 *	2	3	4	LAW; RULING; GUIDELINE	LEGAL PRACTICE
Employee Participation Committees	X			X	NLRA	Employers cannot deal directly with employees on bargainable issues
		X		X	NLRB Rulings; *Electromation; DuPont*	Employee Committees cannot deal with employers on bargainable issues
Employee Motivation Programs	X			X	Civil Rights Act of 1964 - Title VII;	Employer may not base employment related decisions on race, sex, religion, and/or national origin
		X		X	EEOC - *Decision 91-1*; Washington State Supreme Court - *Hiatt vs. Walker Chevrolet*	Employers may not require employees to participate in training programs which conflict with their religious beliefs
			X	X	Case filed in U.S. District Court in 1994 charging both religious and sexual discrimination in the training context	Employers may not require employees to participate in training programs which conflict with Title VII protections
Intellectual Property	X			X	Copyright - Title 17 U.S. Code	Owner of copyright protected in respect to reproduction, distribution. adaptation,, performance and display of the work
		X		X	*Kepner-Tregoe, Inc. v. Carabio; Kepner-Tregoe, Inc. vs. Leadership Software, Inc.*	Original materials owner by employer; knowledge of copyright laws protects ownership and assignability of copyright.
			X	X	Patents - Title 35 U.S. Code Trademarks - Lanham Act of 1946 Trade Secrets - Uniform Trade Secrets Act	Computer programs developed and/or used by HRD practitioners may be covered by patent law. Seek appropriate permission for use.

* 1= Law or regulation directly impacting HRD; 2= Court ruling or interpretation directly impacting HRD; 3= Guideline for practice in closely related field; 4=Mentioned in print as likely legal issue

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